

# **The Budget and Economic Outlook: An Update**

August 2002

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## Notes

Numbers in the text and tables may not add up to totals because of rounding.

Unless otherwise indicated, all years referred to in Chapter 2 are calendar years, and all years in the rest of the report are federal fiscal years (which run from October 1 to September 30).

Some of the figures in Chapter 2 use shaded vertical bars to indicate periods of recession. The bars extend from the peak to the trough of each recession. The end of the most recent recession has not yet been determined by the National Bureau of Economic Research, the organization charged with that duty. CBO has assumed that it occurred at the end of calendar year 2001.

Data for real gross domestic product are based on chained 1996 dollars.

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# Preface

**T**his volume is one of a series of reports on the state of the budget and the economy that the Congressional Budget Office (CBO) issues each year. It satisfies the requirement of section 202(e) of the Congressional Budget Act of 1974 for CBO to submit to the Committees on the Budget periodic reports about fiscal policy and to provide five-year baseline projections of the federal budget. In accordance with CBO's mandate to provide impartial analysis, the report makes no recommendations.

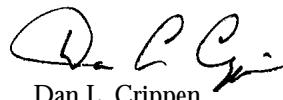
The baseline spending projections were prepared by the staff of CBO's Budget Analysis Division under the supervision of Robert Sunshine, Peter Fontaine, Janet Airis, Thomas Bradley, Kim Cawley, Paul Cullinan, Jeffrey Holland, and Jo Ann Vines. The revenue estimates were prepared by the staff of the Tax Analysis Division under the supervision of Thomas Woodward, Mark Booth, and David Weiner.

The economic outlook presented in Chapter 2 was prepared by the Macroeconomic Analysis Division under the direction of Robert Dennis. John F. Peterson, Robert Arnold, and Eric Warasta carried out the economic forecast and projections. David Brauer, Ufuk Demiroglu, Tracy Foertsch, Douglas Hamilton, Juann Hung, Kim Kowalewski, Mark Lasky, Angelo Mascaro, Shinichi Nishiyama, Benjamin Page, Frank Russek, Robert Shackleton, John Sturrock, and Christopher Williams contributed to the analysis. Tumi Coker, John McMurray, and Eric Warasta provided research assistance.

CBO's Panel of Economic Advisers commented on an early version of the economic forecast underlying this report. Members of the panel are Andrew B. Abel, Michael J. Boskin, Barry P. Bosworth, Robert G. Dederick, William C. Dudley, Martin Feldstein, Robert J. Gordon, Robert E. Hall, N. Gregory Mankiw, Allan Meltzer, William Niskanen, William D. Nordhaus, June E. O'Neill, Rudolph G. Penner, James Poterba, Michael Prell, Robert Reischauer, Alice Rivlin, Joel Slemrod, and Martin B. Zimmerman. Dale Jorgenson and Christopher Carroll attended the panel's meeting as guests. Although CBO's outside advisers provided considerable assistance, they are not responsible for the contents of this report.

Jeffrey Holland wrote the summary. Mark Booth, Ellen Hays, and Adaeze Enekwechi wrote Chapter 1. Christopher Williams was the lead author for Chapter 2. Barry Blom wrote Appendix A.

Christine Bogusz, Leah Mazade, and Christian Spoor edited the report under the supervision of John Skeen. Marion Curry, Linda Lewis Harris, and Denise Jordan assisted in its preparation. Kathryn Winstead prepared the report for publication, and Annette Kalicki produced the electronic versions for CBO's Web site.



Dan L. Crippen  
Director

August 2002



Summary *ix*

# **1**

**The Budget Outlook 1**

The Outlook for 2002 2

The Outlook for 2003 Through 2012 3

Recent Changes to the Budget Outlook 5

CBO's Baseline Compared with OMB's  
Current-Services Estimates 18

The Long-Term Outlook 19

# **2**

**The Economic Outlook 21**

Recent Economic Developments 21

CBO's Economic Forecast for 2002 and 2003 39

The Outlook Beyond 2003 42

## **Appendix A**

The Federal Sector of the National Income  
and Product Accounts 47

## **Appendix B**

CBO's Economic Projections for  
2002 Through 2012 53

## **Appendix C**

Major Contributors to the Revenue  
and Spending Projections 57

**Tables**

S-1.	The Budget Outlook Under Current Policies	ix
S-2.	Changes in CBO's Baseline Projections of the Surplus Since March 2002	x
S-3.	CBO's Current and Previous Economic Projections for Calendar Years 2002 Through 2012	xii
1-1.	The Budget Outlook Under Current Policies	2
1-2.	CBO's Baseline Budget Projections	4
1-3.	CBO's Projections of Discretionary Spending Under Alternative Assumptions	8
1-4.	CBO's Baseline Projections of Mandatory Spending, Including Offsetting Receipts	10
1-5.	CBO's Baseline Projections of Federal Interest and Debt	11
1-6.	Changes in CBO's Baseline Projections of the Surplus Since March 2002	12
1-7.	Comparison of CBO's August 2002 Baseline and OMB's July 2002 Current-Services Estimates	16
2-1.	CBO's Current and Previous Economic Projections for Calendar Years 2002 Through 2012	22
2-2.	CBO's Forecast for 2002 and 2003	39
2-3.	Comparison of Forecasts for Calendar Years 2002 and 2003	41
2-4.	Key Assumptions in CBO's Projection of Potential GDP	43
A-1.	Relationship of the Budget to the Federal Sector of the National Income and Product Accounts	48
A-2.	Projections of Baseline Receipts and Expenditures as Measured by the National Income and Product Accounts	51

<b>B-1.</b>	<b>CBO's Year-by-Year Forecast and Projections for Calendar Years 2002 Through 2012</b>	<b>54</b>
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<b>B-2.</b>	<b>CBO's Year-by-Year Forecast and Projections for Fiscal Years 2002 Through 2012</b>	<b>55</b>
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## **Figures**

<b>1-1.</b>	<b>Total Deficits and Surpluses as a Share of GDP, 1967-2012</b>	<b>3</b>
<b>2-1.</b>	<b>The Economic Forecast and Projections</b>	<b>23</b>
<b>2-2.</b>	<b>Real Final Demand</b>	<b>24</b>
<b>2-3.</b>	<b>An Index of Monetary and Financial Conditions</b>	<b>25</b>
<b>2-4.</b>	<b>Rates on Treasury Notes and Corporate Bonds</b>	<b>25</b>
<b>2-5.</b>	<b>The Effective Exchange Rate</b>	<b>30</b>
<b>2-6.</b>	<b>Net Exports as a Share of GDP</b>	<b>30</b>
<b>2-7.</b>	<b>The Employment Cost Index for Private Industry Workers</b>	<b>32</b>
<b>2-8.</b>	<b>Measures of Core Consumer Price Inflation</b>	<b>33</b>
<b>2-9.</b>	<b>Economic Profits</b>	<b>34</b>
<b>2-10.</b>	<b>Real Spending on Business Equipment and Software</b>	<b>34</b>
<b>2-11.</b>	<b>Real Nonresidential Construction</b>	<b>36</b>
<b>2-12.</b>	<b>Delinquency Rates</b>	<b>38</b>
<b>2-13.</b>	<b>Household Net Worth</b>	<b>38</b>
<b>2-14.</b>	<b>Total Factor Productivity and Potential TFP</b>	<b>44</b>
<b>2-15.</b>	<b>Wages and Salaries Plus Corporate Profits</b>	<b>45</b>

**Boxes**

1-1.	The Expiration of Revenue Provisions	6
2-1.	Gauging Stock Market Wealth	26
2-2.	The Dollar May Continue to Decline	31
2-3.	Continuing Problems for Telecommunications Firms	35
2-4.	The July 2002 Revisions to the National Income and Product Accounts	37